

# **Education and Workforce Development Cabinet**

## **Kentucky's jobless rate drops to 8.2 percent in May 2012**

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### **Contact Information:**

**Editor's Note: Preliminary May and revised April labor market information are included in this release.**

**FRANKFORT, Ky.** — Kentucky's seasonally adjusted preliminary unemployment rate fell to 8.2 percent in May 2012 from a revised 8.3 percent in April 2012, marking the 10<sup>th</sup> consecutive month of jobless rate decline, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The preliminary May 2012 jobless rate was 1.4 percentage points below the 9.6 percent rate recorded for the state in May 2011.

The U.S. seasonally adjusted jobless rate rose from 8.1 percent in April 2012 to 8.2 percent in May 2012, according to the U.S. Department of Labor.

Labor force statistics, including the unemployment rate, are based on estimates and are compiled to measure trends rather than actually to count people working.

In May 2012, Kentucky's civilian labor force was 2,065,666, an increase of 2,693 individuals compared to the previous month.

"May 2012 marked the first time since November 2004 that the Kentucky unemployment rate has been better than or equal to the national rate," said economist Manoj Shanker of the OET. "The key indicators are moving in the right direction. Over the last few months the pace of job creation in Kentucky has consistently exceeded the number of people entering the job market, causing the unemployment rate to fall."

Kentucky's seasonally adjusted nonfarm employment rose by 600 jobs in May 2012 from the month before, and by 36,100 positions since May 2011. Nonfarm data is provided by the Bureau of Labor Statistics' Current Employment Statistics program. According to this survey, seven of Kentucky's 11 major nonfarm North American Industry Classification System (NAICS) job sectors registered gains in employment, while four declined.

Kentucky's leisure and hospitality sector added the most jobs in May with 2,600 more positions than a month ago. Since May 2011, the sector has grown by 7,900 positions or nearly 5 percent. This sector includes arts, entertainment, recreation, accommodation and food services.

“Eighty percent of the total employment, and almost all the job growth, has been in the food services area of the leisure and hospitality sector,” Shanker said. “Hotels and restaurants normally see an uptick in business as consumer confidence goes up.”

The information sector gained 600 jobs in May 2012. This segment has added 400 positions since May 2011. The industries in this sector include traditional publishing as well as software publishing; motion pictures and broadcasting; and telecommunications.

Kentucky’s manufacturing sector added 500 jobs in May 2012 compared to the previous month. Since May 2011, employment in manufacturing has increased by 8,200 jobs.

“The substantial growth from May 2011 was in durable goods industries, especially machinery and auto, which rely on both domestic buyers and exports,” said Shanker. “U.S. demand has been rising in response to the economic recovery, but the strong dollar and the financial turmoil in Europe has stifled exports and dampened manufacturing employment.”

Construction jobs rose by 400 in May 2012 from a month ago. Since May 2011, employment in construction has fallen by 1,400 positions.

Shanker said that the recent gains in construction should be viewed with caution since employment in this sector is tied to such diverse factors as interest rate, consumer confidence and the weather. “For most of 2012 these factors have been favorable and have boosted May employment.”

Employment in the other services sector, which includes repairs and maintenance, personal care services, and religious organizations, went up by 300 positions in May 2012. Since last May, the sector has added 600 jobs.

Employment in the mining and logging sector increased by 200 in May 2012. The number of jobs in this sector has dropped by 900 from May 2011.

Professional and business services added 100 positions in May 2012. This category includes establishments engaged in services that support the day-to-day activities of other organizations, including temporary employment services. Since last May, jobs in the sector have increased by 19,900 or nearly 11 percent.

The financial activities sector dropped by 200 jobs in May 2012. However, when compared to May a year ago businesses involved in finance, insurance, real estate and property leasing lost 1,100 jobs.

The government sector, which includes public education, public administration agencies and state-owned hospitals, declined by 700 jobs in May 2012. The sector had 3,300 fewer jobs compared to May 2011.

“Budget cuts, especially in local government and at the school level, are chiefly responsible for the continued decline in employment in the government sector,” said Shanker.

The trade, transportation and utilities sector lost 1,000 jobs in May 2012. This is the largest sector in Kentucky with 366,000 positions, and accounts for about 20 percent of nonfarm employment. Since May 2011, jobs in this sector have increased by 1,700.

“The employment decline in May 2012 was in the retail trade area, which accounts for more than half the jobs in this sector. Compared to a year ago employment was up by 1,700 positions in the sector as a whole, and by 4,800 in the retail trade sector,” said Shanker.

Employment in the educational and health services sector declined by 2,200 jobs in May 2012. The sector has posted a gain of 4,100 jobs since May 2011.

Civilian labor force statistics include nonmilitary workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky’s statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about the Office of Employment and Training at [www.workforce.ky.gov](http://www.workforce.ky.gov).